

# SARS Tax Directive changes from March 2022

In recent years, SARS noticed an alarming increase in incidents of annual tax debts for pensioners with multiple streams of income. The PAYE system allows pensioners to request that a higher amount of PAYE be deducted to avoid any shortfalls at year end. However, not many pensioners make use of this option. This results in unplanned expenses for pensioners at tax year end and increases the SARS outstanding debt book.

To avoid an annual tax debt for pensioners with multiple streams of income, from 1 March 2022, SARS began issuing tax directives. These tax directives will be for clients who have one or more of the following products from Discovery Invest:

- Linked Annuity Income Plan
- Fixed Annuity Income Plan
- Guaranteed Income Plan
- Guaranteed Escalator Annuity Plan.

**Please note the following additional information:**

- This will only affect investments held by a client as of 1 March 2022.
- Clients will have the option to pay a higher tax rate as stated on the directive.
- The directive will not affect new investments taken out during the tax year. The tax applied to these investments will be as per the new business submission and activation process.
- In the following cases, the client needs to send a written request acknowledging that they are aware of the implications. It must also state that they understand the tax amount paid for the tax year may be insufficient to cover the tax liability on assessment:
  - Where changes in a client's circumstances during the tax year may result in a review of their tax position and changes.
  - Where clients request to pay rates equal to the PAYE tax tables, as set out by SARS each year.